

QUESTIONS AND ANSWERS

BANK INDONESIA REGULATION NUMBER 12/6/PBI/2010 CONCERNING REPURCHASE AGREEMENT TRANSACTION ON CHINESE YUAN AGAINST RUPIAH SECURITIES OF A BANK TO BANK INDONESIA

1. Q : What kinds of Rupiah Securities which may be submitted by a Bank in order to make a transaction of CNY/IDR Repo to Bank Indonesia?

A : Securities which may be submitted to Bank Indonesia in CNY/IDR Repo are Bank Indonesia Certificates (SBI), Sovereign Debt Securities (SUN), Bank Indonesia Sharia Certificates (SBIS), and Sovereign Syariah Securities (SBSN) as referred to in article 1 sub-article 3.

2. Q : What must be delivered by a Bank to Bank Indonesia in making a CNY/IDR Repo transaction?

A : A Bank intending to submit CNY/IDR Repo must first submit plan for the need of CNY to Bank Indonesia as referred to in article 3 paragraph (2). The plan for the need of CNY is submitted to Bank Indonesia through Reuters Monitoring Dealing System (RMDS) every Wednesday at 09.00 Western Indonesia Time until 11.00 Western Indonesia Time pursuant to article 4 paragraph (1). Subsequently, the CNY/IDR Repo transaction will be conducted within 5 (five)

Business Days following the day of submission of the plan for the need of CNY as referred to in article 5 paragraph (1).

3. Q : Can a Bank submit the CNY/IDR Repo transaction to Bank Indonesia beyond the window time on Wednesday at 13.00-14.00 Western Indonesia Time?

A : A Bank cannot submit the transaction of USD Repo to Bank Indonesia beyond the window time on Wednesday at 13.00-14.00 Western Indonesia Time pursuant to article 5 paragraphs (1) and (2).

4. Q : How many times can a Bank submit CNY/IDR Repo transaction to Bank Indonesia?

A : A Bank can only submit CNY/IDR Repo transaction once within the Window Time of CNY/IDR Repo on the same day for each period (tenure) as referred to in article 6 paragraph (3).

5. Q : Can a Bank submit Rupiah Securities owned by a customer or other parties in conducting CNY/IDR Repo transaction to Bank Indonesia?

A : A Bank is not allowed to submit Rupiah Securities owned by a customer or other parties in conducting the CNY/IDR Repo transaction. The Rupiah Securities submitted must be owned by the relevant Bank and they shall not be Securities resulting from sell & buy back pursuant to the elucidation of article 3 paragraph (3).

6. Q : Which documents can be used as the underlying documents by a Bank in conducting CNY/IDR Repo transaction to Bank Indonesia?

A : Bank must have underlying international trade activities supported by sufficient documents such as, among other things, Goods Import Notification (PIB) issued by an authorized agency, Letter of Credit (L/C), invoice, or sale purchase contract pursuant to the elucidation of article 3 paragraph (3).

7. Q : Can a Bank submit the plan for the need of CNY for a customer whose trading partner is a Chinese company but not included on The List of Pilot Enterprises?

A : The plan for the need of CNY can only be fulfilled for the needs of a customer having a Chinese company as its trading partner which by the time of transaction is included in The List of Pilot Enterprises pursuant to the elucidation of article 3 paragraph (4).

8. Q : Can a Bank make a revision to the plan for the need of CNY that has been submitted to Bank Indonesia?

A : The plan for the need of CNY can be revised by no later than 4 (four) Business Days following the submission day at 11.00 Western Indonesia Time as referred to in article 4 paragraph (4).

9. Q : From where does a Bank obtain information on the Securities market price for such repo transaction? And how about the amount of the Repo Rate charged to the Bank?

A : Bank Indonesia will announce the market price of Securities, Repo Rate and Haircut on the day of CNY/IDR Repo transaction as referred to in article 5 paragraph (4). The Securities market price can be viewed in BI-SSSS. At the same time, the Repo Rate can be viewed on Reuters pages.

10. Q : How about the Haircut rate determined by Bank Indonesia on a Bank's Rupiah Securities?

A : Bank Indonesia determines the Haircut rate as referred to in article 12 paragraph (1). The Haircut rate may be viewed in BI-SSSS as referred to in article 5 paragraph (4).

11. Q : Can a Bank which has submitted the plan for the need of CNY cancel the transaction during the Window of Time for CNY/IDR Repo within the subsequent 5 (five) Business Days?

A : A Bank which has submitted the plan for the need of CNY must submit CNY/IDR Repo transaction during the Window of Time for CNY/IDR Repo. The Bank is prohibited from cancelling the transaction and/or to change the information submitted to Bank Indonesia, including changing the nominal value of CNY/IDR Repo as referred to in article 5 paragraph (6).

12. Q : How can a Bank know that the plan for the need of CNY submitted can be fulfilled by Bank Indonesia?

A : Bank Indonesia will give information on the inability to fulfill the plan for the need of CNY to the relevant Bank by no later than 3 (three) Business Days following the day of submission through RMDS and/or other means of communication as referred to in article 4 paragraph (5).

13. Q : What if the Securities coupons become matured during the tenure of CNY/IDR Repo?

A : The coupons maturing during the tenure of CNY/IDR Repo received by Bank Indonesia will be redistributed to the relevant Bank as referred to in article 11.

14. Q : Can a Bank submit several Rupiah Securities in a CNY/IDR Repo transaction?

A : Bank can submit several Securities to be included in Repo transaction to Bank Indonesia in one submission in 1 (one) day for each period (Tenure) pursuant to the elucidation of article 6 paragraph (3).

15. Q : What if a Bank does not make a pledge of the Rupiah Securities on 1 (one) Business Day prior to Value Date?

A : Bank which does not make a pledge of the Securities and has received CNY fund on the Value Date must return the CNY fund to Bank Indonesia CNY account in PBC by no later than 3 (three) Business Days following the Value Date as referred to in article 10 paragraph (4).

16. Q : **On the maturity date, how much is the CNY nominal value that must be returned by a Bank receiving CNY/IDR Repo to Bank Indonesia?**

A : Bank must return a value equal to the CNY nominal value received on the Value Date plus the Repo Rate determined. The CNY nominal value which must be returned by the Bank will be informed to the relevant Bank along with the delivery of information in relation to Transaction Settlement Instruction Standards as referred to in the elucidation of article 5 paragraph (2).